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Message Text

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ORIGIN L-02

INFO OCT-01 AF-06 ISO-00 OC-05 CCO-00 PM-03 NSC-05 SP-02

SS-15 CIAE-00 INR-07 NSAE-00 OMB-01 EB-07 TRSE-00

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P R 291641Z MAR 75
FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA PRIORITY
INFO DOD
CNO
COMNAVTELCOM
USCINCE'R
CINCUSNAVEUR
NAVCOMSTA NEA
NAVCOMUNIT ASMARA

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E.O. 11652: N/A

TAGS: PINS, PINT, PFOR, ET, UA

SUBJECT: ELECTRICITY FROM KAGNEW FOR ASMARA CITY

REF: (A) STATE 50297
(B) ADDIS 3049

1. THERE FOLLOWS TEXT OF NOTE TO FOREIGN MINISTRY WHICH,
WITH AN APPROPRIATE RESPONSE BY MOFA AGREEING TO ITS
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STIPULATIONS, WOULD CONSTITUTE THE ARRANGEMENT BETWEEN USG

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AND PMG FOR KAGNEW PROVISION SURPLUS ELECTRICAL POWER TO ASMARA:

"(COMPLIMENTARY OPENING)...AND HAS THE HONOR TO REFER TO THE MINISTRY'S NOTE NO. 8194/62/83 OF FEBRUARY 14, 1975 AND TO THE EMBASSY'S NOTE...IN REPLY THERETO CONCERNING TO THE RESTORATION OF ESSENTIAL ELECTRICITY SUPPLY TO THE CITY OF ASMARA. RESPECTING THE NEED OF THE USG TO BE FULLY REIMBURSED FOR ALL COSTS OF UTILITIES FURNISHED AND ANY ASSOCIATED SERVICES RENDERED, THE EMBASSY OF THE UNITED STATES HAS THE HONOR TO PROPOSE THE FOLLOWING ARRANGEMENT: THE PMG WILL SUPPLY IN ADVANCE THE FUEL OIL NEEDED FOR GENERATION OF THE ELETRICAL POWER TO BE PROVIDED ASMARA IN ADDITION, THE PMG WILL DEPOSIT IN ADVANCE WITH THE USG

PAYMENT FOR COSTS REQUIRED TO SETTLE TERMINATION OF THE EMPLOYMENT OF EXTRA PERSONNEL NEEDED TO PROVIDE ELECTRICAL SERVICE TO ASMARA, AND AN AMOUNT EQUAL TO THREE MONTHS ESTIMATED OVERHEAD COSTS DIRECTLY RELATED TO THE PROVISION OF ELECTRICITY TO ASMARA .

"THE MONTHLY CONSUMPTION OF ELECTRICITY BY ASMARA WILL BE MEASURED BY THE USG IN THE CENTRAL POWER PLANT AT KAGNEW. THE MONTHLY CHARGE SHALL BE DETERMINED BY THE USG IN ACCORDANCE WITH ITS UNIT COST OF PRODUCING ELECTRICITY USING THE GENERATING UNITS DEDICATED TO SUPPLY OF ELECTRICITY TO ASMARA. THE INITIAL UNIT COST WILL BE 6.53 US CENTS PER KILOWATT HOUR PLUS A FUEL ADJUSTMENT OF .001 CENTS PER KILOWATT HOUR FOR EACH .001 CENTS BY WHICH THE AVERAGE FUEL COST PER KILOWATT HOUR AS DELIVERED TO THE USG DURING THE PRECEDING CALENDAR MONTH IS MORE OR LESS THAN 5.476 CENTS. EACH MONTH THE USG SHALL INFORM PMG OF THE TOTAL AMOUNT AND COST OF ELECTRIC POWER PROVIDED TO ASMARA. THE MONTHLY STATEMENT WILL ACCOUNT FOR (1) OIL SUPPLIED AND USED, AND (2) DEDUCTIONS FROM THE ADVANCE PAYMENT DEPOSIT AND OVERHEAD COSTS. EACH MONTH THE PMG WILL REIMBURSE THE ADVANCE PAYMENT DEPOSIT ACCOUNT BY PAYMENT TO THE USG. ANY AMOUNT REMAINING IN THE ADVANCE PAYMENT DEPOSIT ACCOUNT UPON TERMINATION OF THIS ARRANGEMENT WILL BE REFUNDED TO THE PMG FOLLOWING PAYMENT
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OF ALL COSTS FOR SERVICE. THE USG SHALL PROVIDE REASONABLE NOTICE TO THE PMG OF ALL CHANGES IN THE UNIT COST PER KILOWATT HOUR; AND THE PMG WILL PAY THE ADJUSTED PRICE.

"THE USG WILL SUPPLY SUCH SURPLUS POWER AS IT DETERMINES IS AVAILABLE BUT NOT MORE THAN THE OUTPUT OF TWO OF ITS GENERATING UNITS WHICH HAVE A NOMINAL CAPACITY

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OF 2,500 KILOWATTS EACH AND WHICH SHALL BE OPERATED, IF FEASIBLE, AT A NOMINAL 50 HERTZ IN ACCORDANCE WITH THE REQUIREMENTS OF ASMARA. AS THE IMPLEMENTATION OF THIS ARRANGEMENT DEPENDS UPON THE CONTINUED OPERATION OF U.S. GOVERNMENT FACILITIES AT KAGNEW, THE PMG AUTHORITIES SHALL INSURE THAT THERE WILL BE SUFFICIENT FUEL AVAILABLE AT ALL TIMES FOR THE PROVISION OF POWER TO THE U.S. GOVERNMENT INSTALLATIONS.

"THE USG (INCLUDING ITS OFFICERS, AGENTS AND EMPLOYEES) ACCEPTS NO RESPONSIBILITY FOR DAMAGE OR INJURY ARISING FROM THIS UNDERTAKING TO SUPPLY ELECTRICITY TO ASMARA, AND THE PMG SHALL HOLD THE USG HARMLESS FROM ANY CLAIMS RELATING TO THE UNDERTAKING.

"SINCE IT IS THE INTENTION OF BOTH THE USG AND THE PMG THAT THIS ARRANGEMENT BE A TEMPORARY ONE, IT SHALL TERMINATE AS SOON AS THE ASMARA ELECTRIC POWER FACILITIES CAN BE RESTORED. EITHER THE USG OR THE PMG MAY SUSPEND SERVICE OR TERMINATE THIS ARRANGEMENT BY PROVIDING NOTICE TO THE OTHER. IT IS THE DESIRE OF THE U.S. GOVERNMENT THAT THE DURATION OF THIS PROVISIONAL ARRANGEMENT SHOULD NOT EXCEED SIX MONTHS. IN THIS REGARD, THE APPROPRIATE UNITED STATES AND PMG AUTHORITIES SHALL CONSULT WITH A VIEW TO MAKING IT POSSIBLE TO TERMINATE THE ARRANGEMENT WITHIN THIS PERIOD.

"(COMPLIMENTARY CLOSING.)" KISSINGER

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Disposition Case Number: n/a
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To: ADDIS ABABA
Type: TE
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